

**PREPARED DIRECT TESTIMONY
OF
GLENN L. DAVIDSON
ON BEHALF OF
CENTRAL ILLINOIS LIGHT COMPANY
DOCKET NO. 00-0437**

ILLINOIS
COMMERCE COMMISSION
Aug 18 2 15 PM '90
CHIEF CLERK'S OFFICE

- 1 Q1. Please state your name and business address.
- 2 A1. My name is Glenn L. Davidson, and my business address is 300 Liberty Street,
3 Peoria, Illinois 61602.
- 4 Q2. By whom are you employed and in what capacity?
- 5 A2. I am employed by Central Illinois Light Company (CILCO) as an accountant in
6 the Sales and Marketing Business Unit.
- 7 Q3. Please describe your educational background and work experience.
- 8 A3. I was graduated from the University of Illinois in 1977 with a Bachelor of Science
9 degree in Accounting. In 1979, I was employed by the Federal Energy
10 Regulatory Commission where I worked as a field auditor in the Office of the
11 Chief Accountant. I am a Certified Public Accountant. I joined CILCO in
12 November 1989 and worked in General Accounting in the Accounting
13 Department. In December 1991, CILCO established the Energy Accounting Unit
14 in the Accounting Department and I became the supervisor of that unit until I took
15 my current position in Sales and Marketing at the the end of 1999,
- 16 Q4. What are your responsibilities in your present position with CILCO?
- 17 A4. I am responsible for the preparation and maintenance of financial records of the
18 Sales and Marketing Business Unit of CILCO. This includes the collection of
19 data related to fuel, purchase and interchange power, natural gas purchases, coal
20 tar, EPA allowances, steam billings and the entry of the data in the books and
21 records of the Company. Those records are maintained in the usual course of
22 business of the Company in accordance with the rules and regulations of the

23 Illinois Commerce Commission, the Federal Energy Regulatory Commission, and
24 the Company's own rules.

25 Q5. What is the purpose of your testimony in this proceeding?

26 A5. The Illinois Commerce Commission issued an Order Commencing Reconciliation
27 Proceedings on June 21, 2000, requiring CILCO to reconcile Rider TAR charges
28 to the actual coal tar cleanup costs allowable under the provisions of Rider TAR.
29 The order stated that CILCO should reconcile these revenues through December
30 31, 1999. The purpose of my testimony is to present the Rider TAR reconciliation
31 and evidence in a manner consistent with the Commission's Order.

32 Q6. Have schedules been prepared to which you will be referring in your testimony?

33 A6. Yes. I will sponsor CILCO Exhibit Nos. 1.1 and 1.2.

34 Q7. Has the Reconciliation of Rider TAR Charges been certified by the Company's
35 independent public accountants?

36 A7. Yes. At CILCO's request, Arthur Andersen LLP. has reviewed CILCO's
37 Reconciliation of Rider TAR Charges through Application of Factor TAR for the
38 year ended December 31, 1999 the supporting attachment, and accompanying
39 notes describing the basis of the presentation set forth in the Statement, and has
40 issued a letter of opinion on the reconciliation. Arthur Andersen's letter is a part
41 of CILCO Exhibit No. 1.1.

42 Q8. Was notice of the filing of testimony and schedules in this proceeding published
43 in newspapers of general circulation in CILCO's service territory in accordance
44 with the requirements of 83 Ill. Adm. Code 255 (formerly General Order 157) for
45 giving notice of filing a request for a general rate increase?

46 A8. Yes. The notices were published in the Peoria Journal Star, the Pekin Daily
47 Times, the State Journal-Register in Springfield, the Pantagraph in Bloomington
48 the Herald & Review in Decatur, the Courier in Lincoln, the News-Gazette in
49 Champaign, and the Commercial-News in Danville. In combination, these

50 newspapers are circulated generally throughout CILCO's service area. Copies of
51 these notices and the certificates of publication are contained in CILCO Exhibit
52 No. 1.2. Notice of the filing of testimony and schedules has also been posted in
53 the business offices of the Company.

54 Q9. Briefly describe the Company's current Rider TAR and its application to sales
55 and transportation services.

56 A9. CILCO's current Rider TAR tariff was issued pursuant to an Illinois Commerce
57 Commission Order entered October 18, 1995 in Docket No. R-18893 and became
58 effective November 1, 1995. Rider TAR sets forth CILCO's methodology for
59 recovery of coal tar costs and is applied to all throughput of sales and gas
60 transportation, excluding "Rate 10 Contract Service." Charges under Rider TAR
61 are projected annually and allocated to each applicable rate class based upon the
62 respective estimated base rate revenue from each class. The coal tar costs of each
63 class are then divided by the projected therms to be delivered to the class to
64 determine Factor TAR to be billed to that class.

65 Q10. Were any changes made to Rider TAR in 1999?

66 A10. No.

67 Q11. Please describe the contents of CILCO Exhibit No. 1.1.

68 A11. As the Exhibit sets forth, it contains the Company's reconciliation of Rider TAR
69 charges to recovery of Rider TAR charges through application of Factor TAR for
70 the year ended December 31, 1999. The Exhibit contains a title page, a letter of
71 opinion from Arthur Andersen LLP, the required reconciliation, notes to the
72 statement of reconciliation, a supporting attachment for recoveries by class, an
73 attachment for year-to-date total expenses by site, and an attachment for year-to-
74 date recoveries by class.

75 Q12. What were the results of the reconciliation of Rider TAR charges for year ended
76 December 31, 1999?

77 A12. The reconciliation disclosed an underrecovery of \$74,145 for the year ended
 78 December 31, 1999. In accordance with Rider TAR, the underrecovered amount
 79 of \$74,145, will be recovered over the period April 1, 1999 through March 31,
 80 2000, or such shorter period as necessary to trigger a Reconciliation Factor of
 81 .01¢ per therm or greater for all 3 classes.

82 Q13. What was the balance remaining for prior years' Rider TAR annual
 83 reconciliations as of December 31, 1999?

84 A13. In Docket No. 99-0336, the Company filed to recover the December 31, 1998
 85 underrecovery of \$336,829. The Company filed Rider TAR factors to recover this
 86 amount from Bill Cycle 1 of May, 1999 through Bill Cycle 21 of March, 2000.
 87 As of December 31, 1999, CILCO had a balance of \$219,110 from last year's
 88 reconciliation to be recovered over the remaining 3 months of the refund period.
 89 Any balance remaining after the refund period will be rolled into 2000's Rider
 90 TAR reconciliation.

91 Q14. Does this conclude your prepared direct testimony?

92 A14. Yes, it does.

CILCO Exhibit No. 1.1
Docket No. 00-0437
Witness: G. L. Davidson

CENTRAL ILLINOIS LIGHT COMPANY

RECONCILIATION OF RIDER TAR CHARGES TO RECOVERY
OF RIDER TAR CHARGES THROUGH APPLICATION OF FACTOR TAR
FOR
THE YEAR ENDED DECEMBER 31, 1999



ARTHUR ANDERSEN

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Central Illinois Light Company:

We have audited, in accordance with generally accepted auditing standards, the consolidated financial statements of **CENTRAL ILLINOIS LIGHT COMPANY** for the year ended December 31, 1999, and have issued our report thereon dated January 28, 2000. We have also audited the accompanying Statement of Reconciliation of Rider TAR Charges to Recovery of Rider TAR Charges through Application of Factor TAR (the Statement) and supporting schedule of Central Illinois Light Company for the year ended December 31, 1999. The Statement and supporting schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the Statement and supporting schedule based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement and supporting schedule are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement and supporting schedule. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Statement and supporting schedule. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Statement and supporting schedule were prepared for the purpose of complying with Central Illinois Light Company's Rider TAR, as filed with the Illinois Commerce Commission.

In our opinion, the Statement and supporting schedule referred to above present fairly, in all material respects, the information set forth therein of Central Illinois Light Company for the year ended December 31, 1999, in accordance with Central Illinois Light Company's Rider TAR, as filed with the Illinois Commerce Commission.

This report is intended solely for the information and use of Central Illinois Light Company and for filing with the Illinois Commerce Commission and should not be used for any other purpose.

Arthur Andersen LLP
Arthur Andersen LLP

Chicago, Illinois
January 28, 2000

CENTRAL ILLINOIS LIGHT COMPANY

Statement to the Illinois Commerce Commission

Reconciliation of Rider TAR Charges to Recovery
of Rider TAR Charges through Application of Factor TAR
for the Year Ended December 31, 1999

<u>Line No</u>	<u>Description</u>	<u>Amount</u>
1	Rider TAR Charges	
2	Rider TAR Charges incurred in 1999	\$1,509,735.46
3	Less: Insurance Settlement	<u>910,000.00</u>
4	Total Rider TAR Charges, net of Insurance Settlement	\$599,735.46
5	Total Rider TAR Charges recovered through application of Factor TAR	<u>525,590.86</u>
6	Underrecovery for the year ended December 31, 1999	<u>\$74,144.60</u>
7	Underrecovery of 1998 reconciliation period at December 31, 1999	<u>219,110.46</u>
8	Underrecovery for all years at December 31, 1999	<u>\$293,255.06</u>

The accompanying notes are an integral part of this statement.

CENTRAL ILLINOIS LIGHT COMPANY

Revenue Arising Through Application of Factor TAR
for the Year Ended December 31, 1999

Line No	Month	Rate 500 & 510	Rates 550, 600 & 950 Riders T1 & T3	Rates 650 & 700 Riders T5 & T7	Total
1.	January	102,104.77	23,557.88	4,600.47	130,263.12
2.	February	62,773.87	20,208.77	4,049.22	87,031.86
3.	March	57,900.01	17,151.94	1,769.89	76,821.84
4.	April	32,683.41	10,266.31	2,541.73	45,491.45
5.	May	16,521.09	5,506.06	1,557.19	23,584.34
6.	June	9,191.33	3,640.57	1,563.89	14,395.79
7.	July	7,707.10	3,765.80	715.97	12,188.87
8.	August	6,913.74	3,137.47	1,209.64	11,260.85
9.	September	8,107.84	5,252.91	1,393.15	14,753.90
10.	October	13,518.76	8,738.38	1,162.87	23,420.01
11.	November	22,811.26	8,316.89	1,381.41	32,509.56
12.	December	<u>40,258.58</u>	<u>11,900.50</u>	<u>1,710.19</u>	<u>53,869.27</u>
13.	Total Rider TAR Recoveries	<u>\$380,491.76</u>	<u>\$121,443.48</u>	<u>\$23,655.62</u>	<u>\$525,590.86</u>

The accompanying notes are an integral part of this statement.

CENTRAL ILLINOIS LIGHT COMPANY

Incremental Costs by Site or Category
At December 31, 1999

Peoria:

Line No.	Site or Category Name	Springfield: MacArthur Blvd.	Springfield: 1st & Washington	Peoria: Persimmon St.	Pekin	Lincoln	Carrying Charges	Total
1	Cumulative Costs Through December 31, 1998	\$ 3,712,645.86	\$ 644,371.02	\$1,834,332.72	\$ 294,196.67	\$ 5,101.81	\$ 59,868.00	\$ 6,550,516.08 (1)
2	1999 Costs	<u>424,574.59</u>	<u>338,629.65</u>	<u>377,298.89</u>	<u>369,232.33</u>	<u>-</u>	<u>-</u>	<u>1,509,735.46 (2)</u>
3	Cumulative Costs Incurred Through December 31, 1999	<u>\$ 4,137,220.45</u>	<u>\$ 983,000.67</u>	<u>\$2,211,631.61</u>	<u>\$ 663,429.00</u>	<u>\$ 5,101.81</u>	<u>\$ 59,868.00</u>	<u>\$ 8,060,251.54 (3)</u>

(1) Source: Order in Docket No. 99-0336

(2) Source: CILCO Exhibit No. 1. 1

(3) Source: Line 1 plus Line 2.

CENTRAL ILLINOIS LIGHT COMPANY

Total Recoveries
At December 31, 1999

Line No.	Description	Rate 500& 510	Rates 550, 600, 950 Riders T1 & T3	Rates 650, 700 Riders T5 & T7	Insurance Recoveries	Total
1	Total Recoveries Through December 31, 1998	\$ 4,271,280.54	\$ 1,566,030.55	\$ 306,376.33	\$ 70,000.00	\$ 6,213,687.42 (1)
2	Amount Recovered in 1999 for 1998 Underrecovery	77,624.23	32,205.30	7,888.67	-	117,718.20 (2)
3	1999 Recoveries for 1999 Costs	380,491.76	121,443.48	23,655.62	910,000.00	1,435,590.86 (3)
4	Cumulative Recoveries December 31, 1999	\$ 4,729,396.53	\$ 1,719,679.33	\$ 337,920.62	\$ 980,000.00	\$ 7,766,996.48 (4)
5	Total Costs					8,060,251.54 (5)
6	Total Underrecovery For the Year Ended December 31, 1999					\$ (293,255.06) (6)
7						

(1) Source: Order in Docket No. 99-0336

(2) Source: CILCO

(3) Source: CILCO Exhibit No. 1. 1

(4) Source: Sum of Lines 1- 4

(5) Source: CILCO Exhibit No. 1.1, Attachment 2

(6) Source: Line 5 minus Line 6 (equals CILCO Exhibit 1.1 Line 6)

CILCO Exhibit No. 1.2
Docket No. 00-0437
Witness: G. L. Davidson

CENTRAL ILLINOIS LIGHT COMPANY

THIS EXHIBIT, WHICH CONTAINS THE CERTIFICATES OF
PUBLICATION AND THE PUBLISHED NOTICES,
IS TO BE SUPPLIED.